

**CANNONVILLE TOWN
FINANCIAL STATEMENTS
JUNE 30, 2005**

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Honorable Mayor and Town Council
Cannonville Town
Cannonville, Utah 84718

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Cannonville Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

Richfield, Utah
October 31, 2005

CANNONVILLE TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Cannonville Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

* The assets of Cannonville Town exceeded its liabilities as of the close of the most recent year by \$1,209,006 (net assets). Of this amount, \$90,401 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

* The government's total net assets decreased by \$6,894. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.

* At the close of the current year, Cannonville Town governmental fund reported ending fund balance of \$109,030 an increase of \$22,273 in comparison with the prior year. Approximately 61 percent of this total amount, \$66,030, is available for spending at the town's discretion (unreserved fund balance).

* At the end of the current year, unreserved fund balance for the general fund was \$66,030, or 153 percent of total general fund expenditures.

* Cannonville Town's total debt decreased by \$14,100 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Cannonville Town's basic financial statements. Cannonville Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Cannonville Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of Cannonville Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cannonville Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Cannonville Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Cannonville Town include general government, public safety, highways and streets, and parks and recreation. The business-type activity of Cannonville Town is the culinary water system.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cannonville Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Cannonville Town can be divided into two categories: governmental fund and enterprise fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Cannonville Town adopts an annual appropriated budget for its governmental fund, the general fund. Budgetary comparison statements have been provided for the general to demonstrate compliance with the budget. Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Cannonville Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cannonville Town uses an enterprise fund to account for its culinary water system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, which is considered to be a major fund of Cannonville Town.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Cannonville Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cannonville Town, assets exceeded liabilities by \$1,209,006 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (88 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, improvements and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Cannonville Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	109,030	88,198	35,821	44,340	144,851	132,538
Capital Assets	356,474	360,640	985,331	1,018,531	1,341,805	1,379,171
Total Assets	465,504	448,838	1,021,152	1,062,871	1,486,656	1,511,709
Long-Term Liabilities	-	-	274,900	289,000	274,900	289,000
Other Liabilities	-	1,441	2,750	5,368	-	6,809
Total Liabilities	-	1,441	277,650	294,368	274,900	295,809
Invested in Capital Assets						
Net of Related Debt	356,474	360,640	707,681	726,571	1,064,155	1,087,211
Restricted	43,000	32,000	11,450	9,048	54,450	41,048
Unrestricted	66,030	54,757	24,371	32,884	90,401	87,641
Total Net Assets	465,504	447,397	743,502	768,503	1,209,006	1,215,900

A portion of Cannonville Town's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$90,401) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Cannonville Town is able to report positive balances in all three categories of net assets both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the Town's net assets by \$18,107. Key elements of this increase follows:

Cannonville Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	4,188	4,924	39,057	45,558	43,245	50,482
Operating Grants and Contributions	23,945	10,738	-	-	23,945	10,738
General Revenues:						
Property Taxes	15,166	14,605	-	-	15,166	14,605
Other Taxes	21,075	18,148	-	-	21,075	18,148
Grants and Contributions Not Restricted to Specific Programs	-	-	-	2,526	-	2,526
Unrestricted Investment Earnings	1,076	507	320	217	1,396	724
Other	-	-	-	-	-	-
Total Revenues	65,450	48,922	39,377	48,301	104,827	97,223
Expenses:						
General Government	32,567	35,249	-	-	32,567	35,249
Public Safety	-	648	-	-	-	648
Highways and Public Improvements	14,471	187	-	-	14,471	187
Parks and Recreation	305	3,202	-	-	305	3,202
Interest on Long-Term Debt	-	-	5,725	9,155	5,725	9,155
Culinary Water	-	-	58,653	57,483	58,653	57,483
Total Expenses	47,343	39,286	64,378	66,638	111,721	105,924
Increase in Net Assets Before Transfers	18,107	9,636	(25,001)	(18,337)	(6,894)	(8,701)
Transfers	-	-	-	-	-	-
Increase in Net Assets	18,107	9,636	(25,001)	(18,337)	(6,894)	(8,701)
Net Assets - Beginning	447,397	437,761	768,503	786,840	1,215,900	1,224,601
Net Assets - Ending	465,504	447,397	743,502	768,503	1,209,006	1,215,900

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities decreased Cannonville Town's net assets by (\$25,001), accounting for 100 percent of the total decrease in the government's net assets.

Financial Analysis of the Government's Funds

As noted earlier, Cannonville Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

Proprietary Funds

Cannonville Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$24,371. Other factors concerning the finances of this fund has already been addressed in the discussion of Cannonville Town business type activity.

General Fund Budgetary Highlights

Changes between the original budget and the final amended budget can be briefly summarized as follows:

- * \$21,200 decrease in general government.
- * \$11 increase in highways and streets.

- * \$11,115 increase in parks and recreation

Capital Asset and Debt Administration

Capital Assets

Cannonville Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$356,474 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and infrastructure, which includes paved and gravel roads.

Cannonville Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	36,925	36,925	13,500	13,500	50,425	50,425
Infrastructure	10,000	11,250	-	-	10,000	11,250
Buildings	304,020	312,465	-	-	304,020	312,465
Improvements Other than Buildings	5,529	-	971,831	1,005,031	977,360	1,005,031
Equipment	-	-	-	-	-	-
Total	356,474	360,640	985,331	1,018,531	1,341,805	1,379,171

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, Cannonville Town had total bonded debt outstanding of \$274,900. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	Business-Type Activities	
	2005	2004
Revenue Bonds	<u>274,900</u>	<u>289,000</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The current debt limitation for Cannonville Town is approximately \$675,000. Cannonville Town has no general obligation debt.

Additional information on Cannonville Town's long-term debt can be found in the notes of the financial statements.

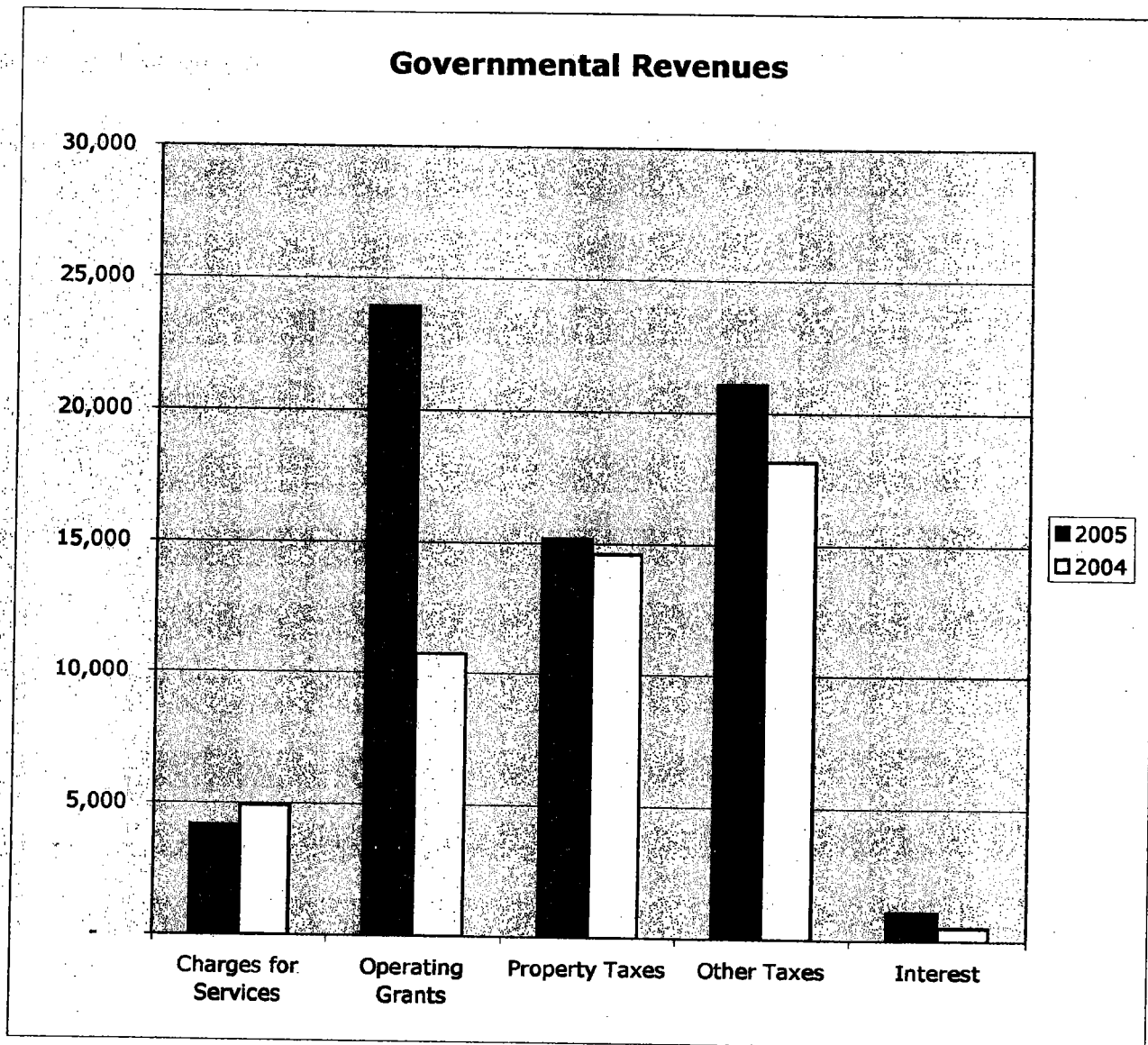
All of these factors were considered in preparing Cannonville Town's budget for 2005 year.

Request for Information

This financial report is designed to provide a general overview of Cannonville Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cannonville Town Clerk, Cannonville, Utah, 84718.

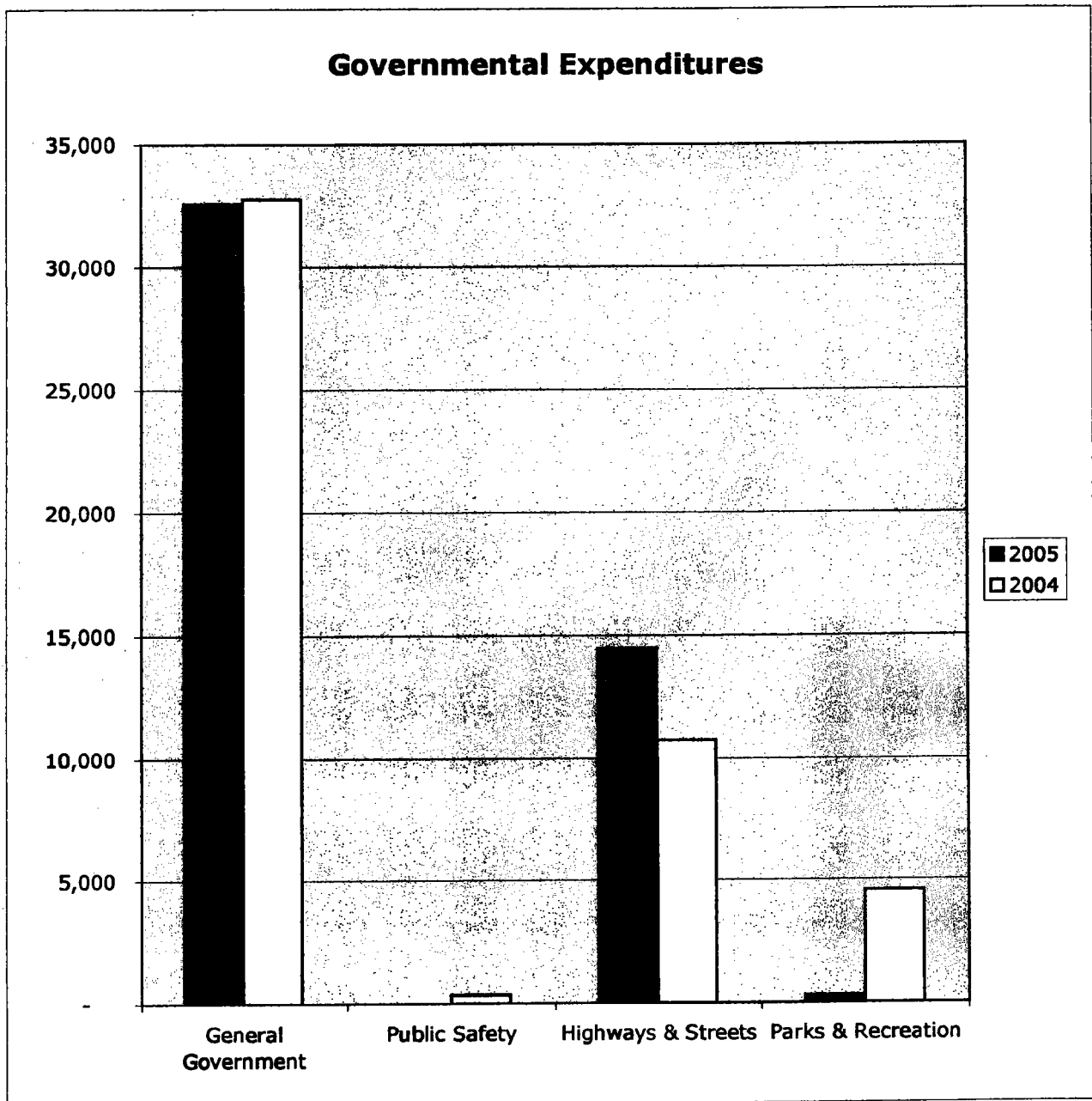
Town of Cannonville
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
Charges for Services	4,188	4,924
Operating Grants	23,945	10,738
Property Taxes	15,166	14,605
Other Taxes	21,075	18,148
Interest	1,076	507
Total Revenues	65,450	48,922



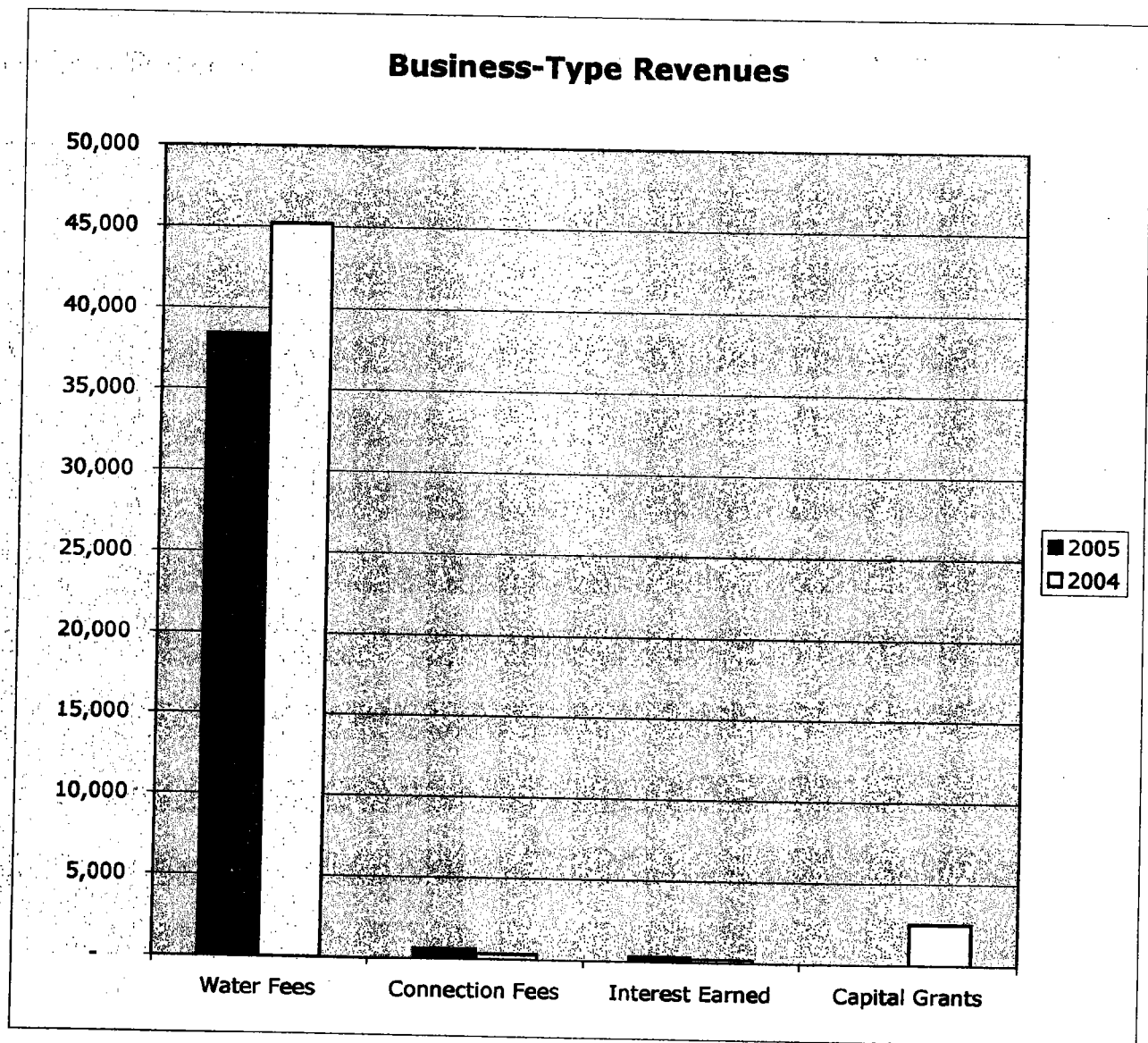
Town of Cannonville
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
General Government	32,567	32,753
Public Safety	-	350
Highways & Streets	14,471	10,738
Parks & Recreation	305	4,574
Total Expenditures	47,343	48,415



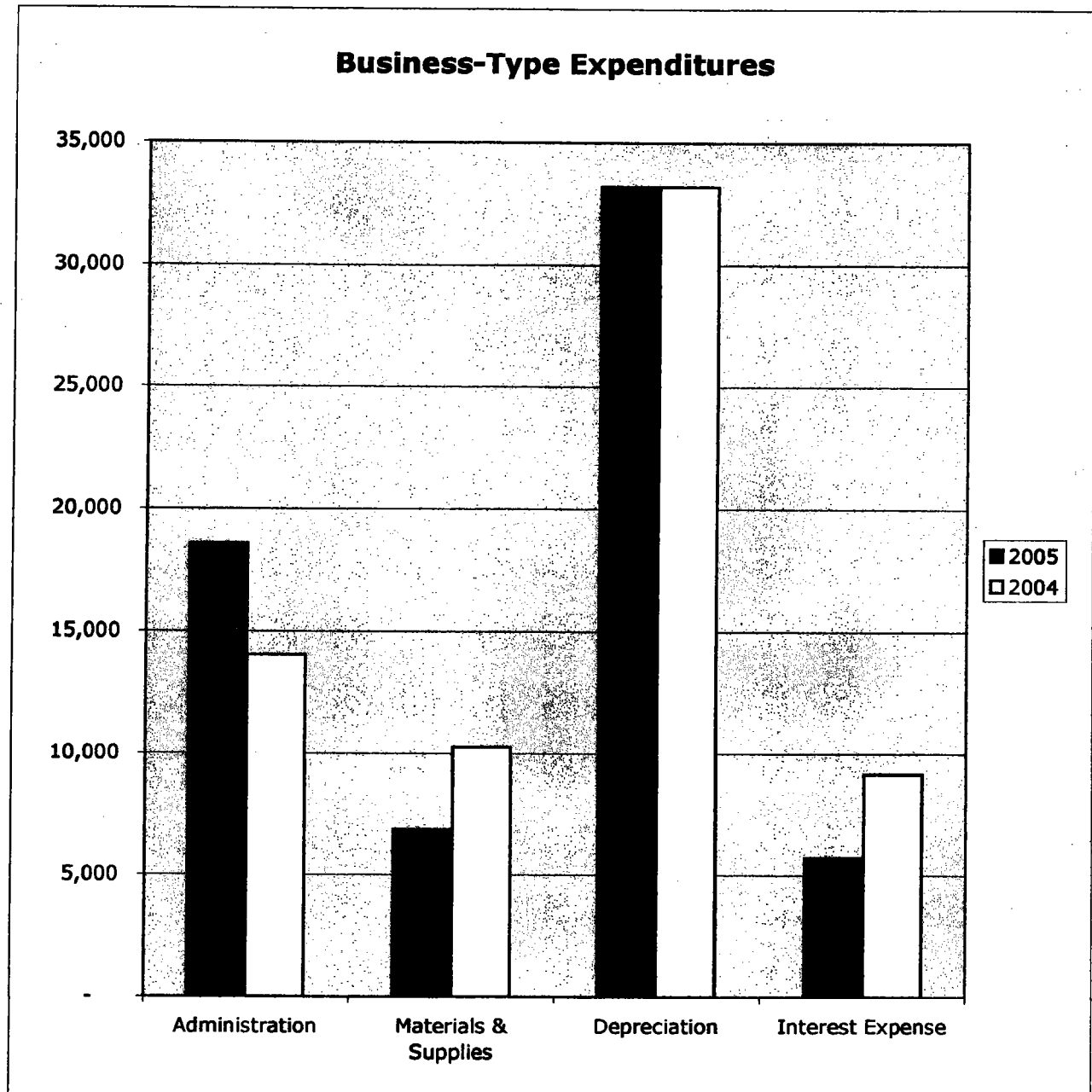
Town of Cannonville
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
Water Fees	38,437	45,206
Connection Fees	620	352
Interest Earned	320	217
Capital Grants	-	2,526
Total Revenues	39,377	48,301



Town of Cannonville
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
Administration	18,599	14,027
Materials & Supplies	6,854	10,256
Depreciation	33,200	33,200
Interest Expense	5,725	9,155
Total Expenditures	64,378	66,638



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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**CANNONVILLE TOWN
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	107,718	21,308	129,026
Accounts Receivable (Net)	-	3,063	3,063
Due From Other Governmental Units	1,312	-	1,312
Total Current Assets	109,030	24,371	133,401
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	11,450	11,450
Capital Assets (Net of Accumulated Depreciation):			
Land	36,925	13,500	50,425
Buildings	304,020	-	304,020
Equipment	5,529	-	5,529
Improvements Other Than Buildings	-	971,831	971,831
Infrastructure	10,000	-	10,000
Total Noncurrent Assets	356,474	996,781	1,353,255
TOTAL ASSETS	465,504	1,021,152	1,486,656
LIABILITIES			
Current Liabilities:			
Bond Interest Payable	-	2,750	2,750
Revenue Bonds Payable - Due Within One Year	-	14,200	14,200
Total Current Liabilities	-	16,950	16,950
Noncurrent Liabilities:			
Revenue Bonds Payable - More Than One Year	-	260,700	260,700
Total Noncurrent Liabilities	-	260,700	260,700
TOTAL LIABILITIES	-	277,650	277,650
NET ASSETS			
Investment in Capital Assets, Net of Debt	356,474	707,681	1,064,155
Restricted For:			
Bond Retirement	-	11,450	11,450
Class C Road	43,000	-	43,000
Unrestricted	66,030	24,371	90,401
TOTAL NET ASSETS	465,504	743,502	1,209,006
TOTAL LIABILITIES AND NET ASSETS	465,504	1,021,152	1,486,656

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants/ Contributions	Primary Government	
				Governmental Activities	Business-Type Activities
Governmental Activities:					
General Government	32,567	4,188	-	(28,379)	-
Public Safety	-	-	2,298	2,298	-
Highways and Public Improvements	14,471	-	21,647	7,176	-
Culture and Recreation	305	-	-	(305)	-
Interest on Long-Term Debt	-	-	-	-	(5,725)
Total Governmental Activities	47,343	4,188	23,945	(19,210)	(5,725)
Business-Type Activities:					
Landfill	58,653	39,057	-	-	(19,596)
Total Primary Government	105,996	43,245	23,945	(19,210)	(25,321)
General Revenues:					
Property Taxes				15,166	-
Fee-In-Lieu of Property Taxes				4,086	-
Sales Taxes				16,989	-
Unrestricted Investment Earnings				1,076	320
Total General Revenues and Transfers				37,317	320
Change in Net Assets				18,107	(25,001)
Net Assets - Beginning				447,397	768,503
Net Assets - Ending				465,504	743,502

**CANNONVILLE TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	107,718
Due From Other Governmental Units	<u>1,312</u>
TOTAL ASSETS	<u><u>109,030</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Class "C" Road	43,000
Unreserved, Reported In:	
General Fund	<u>66,030</u>
Total Fund Balance	<u>109,030</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>109,030</u></u>

See accompanying notes and accountant's report.

CANNONVILLE TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	109,030
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	36,925
Buildings	304,020
Equipment	5,529
Infrastructure	<u>10,000</u>

Total	<u>356,474</u>
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Net Assets of Government Activities	<u><u>465,504</u></u>
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CANNONVILLE TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Revenues:	
Taxes	36,241
Licenses and Permits	475
Intergovernmental Revenue	23,945
Interest	1,076
Miscellaneous Revenues	<u>3,713</u>
Total Revenues	<u>65,450</u>
Expenditures:	
Current:	
General Government	24,122
Highways and Public Improvements	13,221
Culture and Recreation	<u>5,834</u>
Total Expenditures	<u>43,177</u>
Net Change In Fund Balance	22,273
Fund Balance - Beginning	<u>86,757</u>
Fund Balance - Ending	<u><u>109,030</u></u>

See accompanying notes and accountant's report.

CANNONVILLE TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	22,273
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	5,529	
Depreciation	<u>(9,695)</u>	
 Total		 <u>(4,166)</u>

Changes In Net Assets of Governmental Activities	<u>18,107</u>
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**CANNONVILLE TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	21,308
Accounts Receivable	<u>3,063</u>
Total Current Assets	<u>24,371</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Reserves	11,450
Capital Assets: (Net of Accumulated Depreciation)	
Land	13,500
Water Improvements	<u>971,831</u>
Total Noncurrent Assets	<u>996,781</u>
TOTAL ASSETS	<u><u>1,021,152</u></u>
LIABILITIES:	
Current Liabilities:	
Bond Interest Payable	2,750
Bonds Payable - Current Portion	<u>14,200</u>
Total Current Liabilities	<u>16,950</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>260,700</u>
TOTAL LIABILITIES	<u><u>277,650</u></u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	707,681
Restricted for Bond Reserves	11,450
Unrestricted	<u>24,371</u>
TOTAL NET ASSETS	<u><u>743,502</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,021,152</u></u>

See accompanying notes and accountant's report.

CANNONVILLE TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	38,437
Connection Fees	<u>620</u>
Total Operating Revenues	<u>39,057</u>
Operating Expenses:	
Administration	18,599
Materials and Supplies	6,854
Depreciation	<u>33,200</u>
Total Operating Expenses	<u>58,653</u>
Operating Income	<u>(19,596)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	320
Interest Expense	<u>(5,725)</u>
Total Nonoperating Revenues (Expenses)	<u>(5,405)</u>
Change in Net Assets	(25,001)
Total Net Assets - Beginning	<u>768,503</u>
Total Net Assets - Ending	<u><u>743,502</u></u>

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	40,928
Payments to Suppliers	(19,426)
Payments to Employees	<u>(8,450)</u>
Net Cash Provided by Operating Activities	<u>13,052</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(14,100)
Interest Paid on Capital Debt	<u>(5,920)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(20,020)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>320</u>
Net Cash Provided (Used) by Investing Activities	<u>320</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,648)
Cash and Cash Equivalents - Beginning	<u>39,406</u>
Cash and Cash Equivalents - Ending	<u><u>32,758</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>(19,596)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided Provided (Used) By Operating Activities:	
Depreciation	33,200
Increase (Decrease) in Operating Assets:	
Accounts Receivable	1,871
Accrued Liabilities	<u>(2,423)</u>
Total Adjustments	<u>32,648</u>
Net Cash Provided (Used) by Operating Activities	<u><u>13,052</u></u>

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cannonville Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

Cannonville Town is a municipal corporation in Garfield County, Utah. It is governed by an elected mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Cannonville Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Water Fund accounts for the activities of the culinary water operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the culinary water fund are charges to customers for water used. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water Systems	40 Years
Buildings	40 Years
Infrastructure - Roads	20 Years
Equipment	10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to budget hearing.

1. On or before the first regularly scheduled meeting of the Town Council in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have over expended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

G. Property Tax Calendar

- | | |
|-------------|--|
| January 1 | Lien Date - All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates. |
| November 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| November 1 | County auditor to charge the county treasurer to account for all taxes levied. |
| November 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| November 30 | Taxes on real property become delinquent. |

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	70,297
Investment - PTIF	<u>70,179</u>
Total Cash and Investments	<u><u>140,476</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	107,718
Business-Type Activities - Unrestricted	21,308
Business-Type Activities - Restricted	<u>11,450</u>
Total Cash and Cash Equivalents	<u><u>140,476</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasures. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - IMPACT FEES

Effective July 1, 2000, the town adopted an impact fee ordinance for water connections. The impact fee for water is \$1,250 and is recorded as other revenue in the Water Fund.

New water connections that require a service line and meter will pay a one time impact fee of \$3,750.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the water system, or other expenditures allowed by law.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - IMPACT FEES (CONTINUED)

These funds must be expended within six years from receipt or returned with interest to the payer.

Impact Fees Received to Date	4,000
Impact Fees Expended to Date	<u>(4,000)</u>
Balance at June 30, 2005	<u><u>-</u></u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>36,925</u>	<u>-</u>	<u>-</u>	<u>36,925</u>
Total Capital Assets Not Being Depreciated	<u>36,925</u>	<u>-</u>	<u>-</u>	<u>36,925</u>
Capital Assets Being Depreciated:				
Buildings	337,800	-	-	337,800
Equipment	-	5,529	-	5,529
Infrastructure - Roads	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total Capital Assets Being Depreciated	<u>362,800</u>	<u>5,529</u>	<u>-</u>	<u>368,329</u>
Less Accumulated Depreciation For:				
Buildings	25,335	8,445	-	33,780
Infrastructure - Roads	<u>13,750</u>	<u>1,250</u>	<u>-</u>	<u>15,000</u>
Total Accumulated Depreciation	<u>39,085</u>	<u>9,695</u>	<u>-</u>	<u>48,780</u>
Total Capital Assets Being Depreciated (Net)	<u>323,715</u>	<u>(4,166)</u>	<u>-</u>	<u>319,549</u>
Governmental Activities Capital Assets, Net	<u><u>360,640</u></u>	<u><u>(4,166)</u></u>	<u><u>-</u></u>	<u><u>356,474</u></u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	13,500	-	-	13,500
Total Capital Assets Not Being Depreciated	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Capital Assets Being Depreciated:				
Water System	328,446	-	-	328,446
New Water System	1,002,000	-	-	1,002,000
Total Capital Assets Being Depreciated	<u>1,330,446</u>	<u>-</u>	<u>-</u>	<u>1,330,446</u>
Less Accumulated Depreciation For:				
Water System	255,115	8,200	-	263,315
New Water System	70,300	25,000	-	95,300
Total Accumulated Depreciation	<u>325,415</u>	<u>33,200</u>	<u>-</u>	<u>358,615</u>
Total Capital Assets Being Depreciated (Net)	<u>1,005,031</u>	<u>(33,200)</u>	<u>-</u>	<u>971,831</u>
Business Type Activities Capital Assets, Net	<u>1,018,531</u>	<u>(33,200)</u>	<u>-</u>	<u>985,331</u>
Total Assets - Government Wide	<u><u>1,379,171</u></u>	<u><u>(37,366)</u></u>	<u><u>-</u></u>	<u><u>1,341,805</u></u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	8,445	-	8,445
Public Health	-	33,200	33,200
Highways and Public Improvements	1,250	-	1,250
Total Depreciation Expense	<u>9,695</u>	<u>33,200</u>	<u>42,895</u>

NOTE 5 - LONG-TERM DEBT

Water Improvement Projects:

During the 2000/2001 fiscal year the Town obtained financing for a new water system including a new well, a 300,000 gallon water tank, and new water trunk lines. The funding for the project was as follows:

Community Impact Board Loan	100,000
Drinking Water Board Loan	200,000
Community Impact Board Grant	310,000
Drinking Water Board Grant	200,000
Local	<u>13,000</u>
Total Funding	<u>823,000</u>

The loan from the Community Impact Board requires payment over 20 years with interest at 3%. The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	4,000	2,520	6,520
2006-2007	4,000	2,400	6,400
2007-2008	5,000	2,280	7,280
2008-2009	5,000	2,130	7,130
2009-2010	5,000	1,980	6,980
2011-2015	25,000	7,650	32,650
2016-2020	30,000	3,600	33,600
2021-2025	<u>6,000</u>	<u>180</u>	<u>6,180</u>
Total	<u>84,000</u>	<u>22,740</u>	<u>106,740</u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Water Improvement Projects (Continued):

The loan from the Drinking Water Board requires payment over 20 years with interest at 1.41%.
The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	9,000	2,312	11,312
2006-2007	9,000	2,186	11,186
2007-2008	10,000	2,059	12,059
2008-2009	10,000	1,918	11,918
2009-2010	10,000	1,777	11,777
2011-2015	50,000	6,770	56,770
2016-2020	55,000	3,102	58,102
2021-2025	11,000	155	11,155
	<u>164,000</u>	<u>20,279</u>	<u>184,279</u>
Total			

During the 2001/2002 fiscal year the Town obtained financing for a arsenic removal filter system for the new water well. The funding for this project will be as follows:

Community Impact Board Grant	57,834
Community Impact Board Loan	28,916
Rural Development Grant	<u>86,750</u>
Total Funding	<u>173,500</u>

The loan from the Community Impact Board requires payment over 20 years with interest at 3%.
The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	1,200	807	2,007
2006-2007	1,200	771	1,971
2007-2008	1,200	735	1,935
2008-2009	1,300	699	1,999
2009-2010	1,300	660	1,960
2011-2015	7,100	2,694	9,794
2016-2020	8,100	1,569	9,669
2021-2025	5,500	333	5,833
	<u>26,900</u>	<u>8,268</u>	<u>35,168</u>
Total			

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in bonds payable:

Bond Issue:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2004	Current Year Changes			Outstanding June 30, 2005
					Issued	Matured		
Water Revenue Bond Community Impact Board	2001	3%	100,000	88,000	-	4,000		84,000
Water Revenue Bond Drinking Water Board	2001	1.41%	200,000	173,000	-	9,000		164,000
Water Revenue Bond Drinking Water Board	2002	3%	28,916	28,000	-	1,100		26,900
			328,916	289,000	-	14,100		274,900

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of total debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	14,200	5,639	19,839
2006-2007	14,200	5,357	19,557
2007-2008	16,200	5,074	21,274
2008-2009	16,300	4,747	21,047
2009-2010	16,300	4,417	20,717
2011-2015	82,100	17,114	99,214
2016-2020	93,100	8,271	101,371
2021-2025	<u>22,500</u>	<u>668</u>	<u>23,168</u>
Total	<u>274,900</u>	<u>51,287</u>	<u>326,187</u>

NOTE 6 - RESERVED FUND BALANCE - CLASS "C" ROAD

The Town receives Class "C" Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements.

The following is schedule of receipts and disbursements in the Class "C" Road:

Balance - Beginning of Year	32,000
Receipts:	
State Allotments	8,647
Interest	<u>2,353</u>
Total Receipts	11,000
Disbursements	<u>-</u>
Balance - End of Year	<u>43,000</u>

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The town participates in the Utah Local Governments Trust. The insurance coverage's are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 7 - RISK MANAGEMENT (CONTINUED)

Liability:

The Town is insured for \$2,000,000 combined single limit with a \$0.00 deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$2,000,000 aggregate each policy period with no deductible each accident.

Automobile Liability:

The Town is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with a \$500 deductible each accident. Property damage \$1,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is brokered and written through United States Fidelity and Guaranty Insurance Company. Buildings and equipment are covered based on replacement costs subject to a \$1,000 deductible.

Workers Compensation:

This coverage is provided through the Workers Compensation Fund of Utah.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

NOTE 8 - UTAH STATE RETIREMENT PLANS

Cannonville Town does not participate in the Utah State Retirement Plan.

(This page contains no information and
is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CANNONVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>86,757</u>	<u>86,757</u>	<u>86,757</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	14,500	14,500	15,166	666
General Sales and Use Taxes	15,000	15,000	16,989	1,989
Fee-In-Lieu	<u>3,300</u>	<u>3,300</u>	<u>4,086</u>	<u>786</u>
Total Taxes	<u>32,800</u>	<u>32,800</u>	<u>36,241</u>	<u>3,441</u>
Licenses and Permits:				
Business Licenses	<u>475</u>	<u>475</u>	<u>475</u>	<u>-</u>
Intergovernmental Revenue:				
Class C Road	8,400	8,400	8,647	247
State Liquor Allotment	250	250	287	37
Federal Grant	-	-	13,000	13,000
Garfield County Fire Protection	<u>2,000</u>	<u>2,000</u>	<u>2,011</u>	<u>11</u>
Total Intergovernmental Revenue	<u>10,650</u>	<u>10,650</u>	<u>23,945</u>	<u>13,295</u>
Miscellaneous Revenue:				
Rents	3,000	3,000	3,000	-
Interest	520	520	1,076	556
Other	50	-	713	713
Use of Surplus	<u>51,600</u>	<u>41,576</u>	<u>-</u>	<u>(41,576)</u>
Total Miscellaneous Revenue	<u>55,170</u>	<u>45,096</u>	<u>4,789</u>	<u>(40,307)</u>
Amounts Available for Appropriation	<u>185,852</u>	<u>175,778</u>	<u>152,207</u>	<u>(23,571)</u>

**CANNONVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Administration	32,000	14,000	12,345	1,655
Professional Services	2,500	2,300	2,000	300
Other	15,000	12,000	9,777	2,223
Total General Government	49,500	28,300	24,122	4,178
Public Safety:				
Fire Department	2,000	2,000	-	2,000
Highway and Public Improvements:				
Repairs and Maintenance	45,000	45,000	13,000	32,000
Sanitation	210	221	221	-
Total Highways and Public Improvements	45,210	45,221	13,221	32,000
Culture and Recreation:				
Parks and Recreation	2,385	13,500	5,834	7,666
Total Charges to Appropriations	99,095	89,021	43,177	45,844
Budgetary Fund Balance - June 30, 2005	86,757	86,757	109,030	22,273

**CANNONVILLE TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	152,207
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(86,757)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>65,450</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	43,177
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>43,177</u></u>